



## **Ensuring Affordable Choices for Small Businesses**

The *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act* provide quality, affordable health insurance options for small businesses.

### **Increases Quality, Affordable Options for Small Businesses**

- ✓ Provides small business with up to 100 employees access to state-based Small Business Health Options Program (SHOP) Exchanges. These Exchanges will include web portals that provide standardized, easy-to-understand information to make comparing and purchasing health care coverage easier for small business employees and reduce the administrative hassle that small businesses currently face in offering plans.
- ✓ Allows small businesses growing beyond the upper employee limit in the SHOP Exchange to continue to purchase health insurance through the Exchange.
- ✓ Provides states flexibility to allow businesses with more than 100 employees to purchase coverage in the SHOP Exchange, beginning in 2017.
- ✓ Streamlines health plans to keep premiums lower by instituting a premium rate review process and setting standards for how much insurance companies can spend on administrative costs.

### **Small Business Health Care Affordability Tax Credits**

- ✓ Provides sliding scale tax credits to small employers with fewer than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees. The full credit will be available to employers with 10 or fewer employees and average annual wages of \$25,000 or less, and the credit amount phases down for employers with more employees or higher average wages. To be eligible for a tax credit, the employer must contribute at least 50 percent of the total premium cost.
  - For 2010 through 2013, eligible employers will receive a small business credit for up to 35 percent of their contribution toward the employee's health insurance premium. Tax-exempt small businesses meeting the requirements are eligible for tax credits of up to 25 percent of their contribution.
  - In 2014 and later, eligible employers who purchase coverage through the Exchange can receive a tax credit for two years of up to 50 percent of their contribution. Tax-exempt small businesses meeting the requirements are eligible for tax credits of up to 35 percent of their contribution.
- ✓ An estimated 3.9 million small businesses nationwide will qualify for the tax credit.

### **Provides Immediate Information to Small Businesses on Affordable Health Care Options**

- ✓ Establishes an Internet portal with information about affordable and comprehensive coverage options. The web portal will also provide information to small businesses about available health coverage options, including information regarding reinsurance for early retirees, small business tax credits, and other information specifically for small businesses regarding affordable health care options.

### **Security and Stability that Promotes Entrepreneurship**

- ✓ Ends the discriminatory insurance industry practices of jacking up premiums by up to 200 percent because an employee got sick or older, or because the business hired a woman.

### **Ensures Employer Responsibility Exempts Small Firms**

- ✓ Exempts employers with fewer than 50 employees from any employer responsibility policy. This exempts 96 percent of all firms in the United States or 5.8 million out of 6 million total firms.
- ✓ Improves the transition into the employer responsibility policy by subtracting the first 30 employees when determining whether a business is subject to the employer responsibility policy.

### **Ensures Small Business Administration Resource Partners Are Eligible for Awareness Grants**

- ✓ Ensures small businesses are aware of the insurance options available to them by making Small Business Development Centers and all Small Business Administration partners eligible for awareness grants, including Women's Business Centers, SCORE, Minority Business Centers, Veteran Business Centers, and others.

### **Reviews the Impact of Reform on Small Businesses**

- ✓ Requires the Government Accountability Office (GAO) to specifically review the impact of Exchanges on access to affordable health care for small businesses to ensure that Exchanges are indeed making a difference for small business owners.

### **Adheres to Small Business Contracting Regulations**

- ✓ Clarifies that agencies cannot waive the Federal Acquisition Regulation, which requires them to report small business contracting numbers and meet small business contracting goals of 23 percent.

### **Clarifies Part-Time Worker Definition**

- ✓ Defines a full-time employee is an employee who works on average at least 30 hours per week when calculated on a monthly basis, which takes into account fluctuation in employee work hours from week to week in a given month.
- ✓ Allows full-time equivalent workers to be counted when determining whether an employer is subject to the employer responsibility policy.

### **Small Business Representation on Workforce Commission**

- ✓ Establishes a national workforce commission to gather information on the health care workforce and better coordinate and implement workforce planning and analysis, and ensures that small businesses will be represented on the commission.

### **Increases Access to Workplace Wellness Programs**

- ✓ Authorizes grants to help small business employees access comprehensive workplace wellness programs.

### **Simplifies Cafeteria Plans for Small Businesses**

- ✓ Establishes a new employee benefit cafeteria plan, known as the Simple Cafeteria Plan, for small businesses. This new plan eases the rules governing traditional cafeteria plans so that small businesses can more easily provide tax-free benefits to their employees.